

CONFIDENTIALITY

The contents of the appendix to this report qualifies as exempt information under section 100(A)(4) and paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it is “*information relating to the financial or business affairs of any particular person* (including the authority holding that information)”

and

2) In relation to the “exempt” information, it has been determined that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because disclosure would adversely affect the authority’s ability to manage its commercial financial and business affairs. Accordingly, it is proposed that the appendix shall remain exempt.



URN: 20-061

Subject: Acquisition of Property for Transitional Housing

Report to: ELT

Policy & Resources Committee

22 September 2020

Report by: Nicola Turner, Housing Director

SUBJECT MATTER/RECOMMENDATIONS

This report seeks approval to purchase a number of properties from a Registered Provider to be held within the General Fund. Once repaired and renovated the properties shall be used as a transitional housing scheme allowing the occupiers to learn the skills to successfully maintain a tenancy.

Recommendations:

It is recommended that Policy and Resources Committee:

1. Approve, subject to a successful application for grant funding, the purchase of the properties identified in the Confidential Appendix from the Registered Provider.
2. Recommend to Full Council the approval of the expenditure and the borrowing set out in the Confidential Appendix to purchase, repair and renovate the properties and meet all associated costs associated with the purchase and the intended use of the properties.
3. Delegate decisions in relation to the purchase of the properties and the completion of the required renovation works to the Head of Asset and Property Management and completion of any lease/licence to manage the properties once renovated to the Housing Director and Section 151 Officer.

1. Introduction

1.1 The Covid-19 pandemic has highlighted issues of homelessness and led to the Council making offers of temporary accommodation to 153 people who were rough sleepers or at risk of rough sleeping between 23 March and 30 June as part of the “Everyone In” initiative. A significant number remain in the Council’s temporary accommodation and the Council is working with the individuals to support them into settled accommodation. In response, the new Rough Sleeping Strategy and Action Plan 2020 was adopted by Full Council on 30 July 2020. The strategy and action plan has three separate but interconnected parts:

- Maintaining the Initial Response
- Meeting Housing and Support Needs
- A New Preventative Approach.

1.2 The action plan included an action in relation to the provision of additional supported housing for rough sleepers with low support needs or those at risk of rough sleeping who have never held a tenancy. This form of supported housing is referred to within this report as transitional housing. Through the adoption of the Rough Sleeping Strategy and Action Plan 2020 and subsequent approval of the 2020/21 Capital Programme £1.2m of borrowing within the HRA was approved to support the provision of transitional housing. This report seeks approval of the delivery of the transitional housing scheme, which will now be held in the General Fund. The delivery of a transitional housing scheme sits within the Meeting Housing and Support Needs and A New Preventative Approach workstreams of the Rough Sleeping Strategy.

2. Transitional Housing Scheme

2.1 Prior to Lockdown, the Council was approached by a Registered Provider which owns a number of flats in Great Yarmouth which they are looking to dispose of. Initial conversations took place to see whether a local charity would be able to lease these properties from the Registered Provider. The charity would use one flat to provide an office and neutral meeting space and would employ a support worker who through a focus on supporting residents into paid/unpaid employment would also ensure residents gain the skills to effectively maintain a tenancy. Residents would stay in the properties for up to two years. The period living in the transitional housing scheme would provide a period of settled accommodation which would be used to demonstrate to landlords they are good tenants and would break the cycle of any previous homelessness. Unfortunately, this proved an unviable option and the Council looked instead to purchase the properties from the Registered Provider to use as transitional housing – on the same basis.

- 2.2 Discussions with the local charity have been on the basis of the Council charging the equivalent of a social formula rent to the charity for the properties through an initial 5-year lease with the option to extend on a year by year basis for a further 5 years. The Council would retain repair and maintenance liability, but the charity would be responsible for damage (fair wear and tear excepting) and internal decoration of the properties as well as for maintaining external communal areas to the required standard. The charity would charge rents set at Local Housing Allowance levels to their tenants to ensure the rents are affordable when residents are working. The Council would have full nomination rights for the period of the lease and will work with local hostel providers to ensure residents who are required to leave as they no longer require the support provided by the hostel/single homeless supported housing scheme but are not ready for independent tenancies can access the transitional housing scheme. This will ensure there is an effective pathway through the different types of supported housing available across the borough. In addition, the Council would nominate rough sleepers or individuals at risk of rough sleeping for vacancies in the scheme.
- 2.3 The properties need some repairs and updating, following an inspection of the existing vacant properties by Property Services, a QS estimate for the works was received. This showed the cost of works was more than originally estimated. Based on these costs, it is not viable for the Council to purchase the properties and improve them unless grant funding was available. In July 2020, the Next Steps Accommodation Programme Fund was launched by Government in recognition of the needs of those accommodated as a result of Everyone In. Part of the funding available was capital funding with revenue funding for four years to fund the provision of support to the residents of the new homes. Unfortunately, as the fund required delivery of completed homes by the 31 March 2021, it was not possible to bid for funding for the proposed transitional housing scheme. Whilst there will be a further capital bid round for this programme, the timings of this are not yet known. Subsequently, it has been announced that the deadline for completion of homes delivered by the Homes England Move On Fund has been extended to 31 March 2022 –the fund also has a revenue element to fund support up to 31 March 2022 and is an appropriate grant programme for the scheme.
- 2.4 The Council has therefore made an in principle offer, subject to member approval and subject to grant for the purchase of the properties.
- 2.5 Originally it was proposed that the properties would be purchased by the Council and held in the HRA, however, this decision did not reflect the purpose of the transitional housing scheme. The Council will use the homes to discharge its homelessness duties under Part VII of the Housing Act 1996 and on this basis the properties will be held in the General Fund.

3. Financial Implications

- 3.1 The Confidential Appendix provides full information on the offer price, costs of works and grant requirement. The purchase and renovation of the properties would be funded from a small capital receipt with the remaining cost supported by borrowing – with the capital and interest repaid over 50 years and grant funding from Homes England (subject to a successful grant application). Whilst there is an ongoing allowance for day to day repairs and pre-planned repairs, there is no allowance for management costs, as initially this would be provided by the support provider. Rents have been modelled at the equivalent of formula rents, but no inflation has been allowed for reflecting the leasing model used by the local charity. Under the lease, the resident would be charged the equivalent of an Affordable Rent – but capped at Local Housing Allowance levels. The difference between the rent charged to the residents and paid to the Council will fund the support worker, with any the revenue funding from Homes England delivering additional support for the residents until 31 March 2022. If the option of working with the local charity becomes unsuitable (reflecting grant funding conditions or if terms cannot be agreed) and another provider is not identified to lease the properties on the same basis, the Council would directly manage the properties and provide the support, charging via the occupation licence the equivalent of an Affordable Rent (capped at Local Housing Allowance rates). This level of charge for the occupiers would provide additional revenue to meet the ongoing management (including the requirement for an enhanced management service) costs associated with the properties.
- 3.2 Based on current formula rent levels, providing the transitional housing scheme will result in an annual cost to the General Fund of up to £8,948.79. This cost is expected to be fully recovered from reductions in Bed and Breakfast expenditure as a result of the provision of this accommodation.

4. Risk Implications

- 4.1 The delivery of the transitional housing is subject to the availability of Homes England grant funding. The Council has historically received Homes England grant, however, the provision of grant funding is not guaranteed and will be subject to the scheme meeting Homes England's assessment criteria which includes value for money. The grant has been reduced through the use of a capital receipt related to the sale of an existing General Fund property, this property is not yet been marketed, however, the sales receipt is expected to be received before/during the period of the renovation works. If grant funding is not provided, the Council will be unable to purchase the flats and will need to consider alternative ways that transitional housing can be provided in a more affordable way, the options of which are extremely limited.
- 4.2 If the Council's grant application is successful, the grant conditions require that the transitional housing scheme will support the freeing up of space within short term hostel provision. The use of the properties will therefore be restricted to those who are currently resident in hostels and rough sleepers. If the use changes, there will be a requirement to repay the grant provided.

5. Legal Implications

- 5.1 The Council is able to acquire properties to hold in the General Fund. The Council can also enter into a lease to allow the management of the properties to be undertaken by a third party. If the property is, as intended, leased to a local charity/other provider, they shall issue licences to the residents and the Council will have no contractual relationship with the tenants. If the lease option cannot be used, the Council would issue licences to the residents reflecting the status as non-permanent homes.

6. Conclusions

- 6.1 A transitional housing scheme is required to meet the needs of rough sleepers, those in hostel accommodation and those at risk of rough sleeping who have lower supported needs to access self-contained supported housing. The transitional housing scheme will provide the occupiers with a period of up to two years where they will be supported to gain the skills to access paid or unpaid employment and to sustain a tenancy allowing an effective move on to settled independent living.
- 6.2 The acquisition of the properties from a Registered Provider allows the Council, subject to a successful grant application to deliver a transitional housing scheme in Great Yarmouth reflecting the location of most hostel accommodation and where rough sleeping numbers have been highest. The properties will be held in the General Fund with the proposed delivery model to lease the properties to a local charity/provider who will provide the support to the individuals. To ensure the support can be provided in the most effective way, one property will become an office/meeting space for the period of the lease. The lost rental income related to the office space is expected to be fully recovered from savings in Bed and Breakfast expenditure.

7. Background Papers

Rough Sleeping Strategy and Action Plan 2020 – Policy and Resources Committee 28 July 2020

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Corporate Plan

Financial Implications (including VAT and tax):	Discussed in report
Legal Implications (including human rights):	Discussed in report
Risk Implications:	Discussed in report
Equality Issues/EQIA assessment:	The provision of transitional housing will meet the needs of individuals and some childless couples to ensure they are able to make a successful transition to settled accommodation. This will have a positive impact on their physical and mental health and wellbeing.
Crime & Disorder:	Not applicable
Every Child Matters:	Not applicable